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9 April 1958

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

No

USSR - West German nuclear armament: The foreign ministers of East Germany, Poland, and Czechoslovakia are meeting in Prague this week, probably in connection with the Soviet campaign now shaping up to combat the 25 March Bundestag decision to equip the Bundeswehr with nuclear weapons. The three foreign ministers will probably first address themselves to the Rapacki plan for a nuclear-free zone in central Europe and urge its acceptance by West Germany. A public statement banning missiles and nuclear weapons from the three countries is a strong possibility--hedged on this occasion with the condition that Bonn not implement the Bundestag resolution. [REDACTED]

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[REDACTED]

yes

Communist China: Peiping's leaders appear well satisfied with their success in suppressing "bourgeois rightists" and tightening discipline among government and party cadres. There are indications that for the time being the purge of rightist officials from their posts in the central government is over and that the current rectification campaign will probably end next month without resort to mass terror. [REDACTED]

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II. ASIA-AFRICA

no

Israel-UAR: Israeli drainage operations in the Hula area apparently have resumed with minor adjustments in the operation to conform to the findings of the UN survey. The UN report found the UAR's complaints justified, but allowed the Israelis to proceed. Even if tension over this particular problem has relaxed temporarily, new friction in this and other Israeli-Arab border areas appears inevitable. [REDACTED]

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no

Turkey-Iran-Pakistan: Iran is informally exploring with Pakistan and Turkey the advisability of forming in the Middle East a non-Arab federation--which might also include Afghanistan--to counter Egypt's growing influence. While the creation of a new alliance in the near future is unlikely, the discussion of such a possibility reflects a growing concern in the area over the future of the Baghdad Pact. Iran apparently fears that Iraq will eventually withdraw from the pact; Pakistan feels the pact is becoming less effective than before; and Turkey favors strengthening the pact rather than forming any new alliance. [REDACTED]

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yes

Nasir and the Suez Canal: IBRD President Black believes Nasir has a "real desire" to settle soon with the old Suez Canal Company's shareholders, although the positions

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OK of the shareholders and Nasir's representatives are still far apart. Black and his American adviser, General Wheeler, believe the canal is being well run and that the Egyptians intend to proceed with canal improvement plans. [REDACTED]

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III. THE WEST

OK
no Cuba: Batista and Dominican dictator Trujillo have renewed their allegations that Castro's movement is an instrument of international Communism. The outlawed Cuban Communist party has offered Castro unsolicited support for a general strike. Although a few individual Castro supporters probably have Communist sympathies, the sweeping charges are unsubstantiated. [REDACTED]

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OK
no West Germany - USSR: The West German - Soviet trade, repatriation, and consular agreement appears to represent a substantial abandonment by Bonn of its original demands on repatriation. Moscow has apparently obtained a large increase in trade targets and an agreement on consular rights in West Germany. The Adenauer government may be able to capitalize politically on the fact that Moscow is willing to deal with Bonn despite Moscow's recently stepped-up anti-German propaganda campaign.

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yes Italian Communist party: Luigi Longo's alleged replacement of the ailing Palmiro Togliatti as leader of the Italian Communist party (PCI) follows the recent PCI "purification" under which 48 of 191 outgoing Communist members of Parliament were dropped from the electoral lists. The change in leadership would probably not affect Communist chances in the 25 May national elections, but the purge of Communist parliamentarians may cause some Communist "protest voters" to support the Nenni Socialists.

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Chinese Communist Purge of Party and Government
Nears End

The Chinese Communist campaign to tighten party discipline, reduce bureaucracy, and suppress "rightist" activity is now drawing to a close, and Peiping appears well pleased with the success it has achieved. Throughout this campaign the regime has in general avoided the use of terror, but three non-Communist cabinet ministers and scores of lesser officials have been fired from their posts. More than 1,300,000 government and party cadres have been sent to the "basic level" on farms or in factories where they are "correcting their style of work" by associating with the "masses."

There are indications that for the time being the purge of rightist officials from central government organs is over. The secretary general of the State Council recently announced that all party rightists at this level have been "expelled." Final results may be revealed at the national party congress which is expected to convene soon after the rectification campaign is finished at the end of May. [REDACTED]

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[REDACTED]

II. ASIA-AFRICA

Non-Arab Near Eastern Federations Being Explored

The expanding influence of Egyptian President Nasir and the United Arab Republic has led non-Arab nations of the Near East to explore the advisability of creating a counterfederation. According to a Pakistani official, the Shah of Iran, prior to the Baghdad Pact meeting in Ankara last January, informally suggested a union of Iran and Pakistan. Unions of Iran and Pakistan, Pakistan and Afghanistan, a new Turkish-Pakistani-Iranian arrangement, and a revival of the 1937 Saadabad Pact which included Turkey, Iran, Iraq, and Afghanistan have recently been mentioned at diplomatic levels. The Shah of Iran recently indicated that "secret talks" on the subject of an Iranian-Pakistan union or federation have been in progress for a year.

While none of these arrangements seems likely to come about in the immediate future, it is clear that non-Arab Moslem countries are considering new approaches to Near Eastern problems. Turkish ambassadors to the Near East recently met in Ankara to discuss what should be done; but Turkey favors strengthening the Baghdad Pact rather than forming a new alignment. Pakistan has held an ambassadorial conference in Karachi to discuss ways to reduce Nasir's prestige and possibilities for remedying the "lessening effectiveness" of the Baghdad Pact. Iranian ambassadors in the Near East are reported to be returning to Tehran for similar talks in late April. []

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Nasir and the Suez Canal

IBRD President Black has advised the American ambassador in Cairo that Nasir has a "real desire" to reach a quick settlement with the British and French shareholders of the old Suez Canal Company.

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[redacted] Nasir was "very pleased" with the outcome of his talks with Black.

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[redacted] Nasir told Black he would raise his previous compensation offer. It would still be considerably lower than the amount demanded by the shareholders, however, and Nasir indicated that he was prepared to let the shareholders break off negotiations if they would not accept.

Black's announced offer to advise Egypt in its plans for improvement of the canal is apparently based both on his impression of Nasir's attitude and on satisfaction with Egypt's operation of the waterway since its reopening in the spring of 1957. Daily transits now average higher than under the old company, and progress on programs for adding to the canal's capacity appears to be adequate. The canal management is alleged to have completed study of a "Nasir plan" which would include the expansion of the canal to receive ships of 52,000 tons, expansion of Port Said harbor, the construction of new docks, and the building of a port in Ismailia.

The use of newly purchased dredging equipment, combined with an all-out effort on the part of canal authority personnel, has increased the allowable draft from 33 to nearly 35 feet since the reopening. The Egyptians, however, have requested through the IBRD's technical adviser, General Wheeler, the loan of a US army dredge for use in improving the entrance and harbor of Port Said. [redacted]

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[redacted]

III. THE WEST

Alleged Communist Influence in the Cuban Rebellion

Renewed allegations by both Cuban President Batista and Dominican dictator Trujillo that rebel leader Fidel Castro's movement is an instrument of international Communism are intended to justify Dominican arms shipments to Cuba, and on Batista's part, to induce the US to resume arms shipments to Cuba.

Batista has long branded opposition to his regime as Communist inspired. He has produced no evidence, but several of Castro's followers--including his brother, who is known to have traveled behind the iron curtain--have been suspected of Communist sympathies. Castro himself recently refused apparently unsolicited offers of support for a general strike from the outlawed Cuban Communist party, which at present is estimated to have from 8,000 to 12,000 members. In spite of this refusal, the Communists have recently jumped on the rebel bandwagon to voice "solidarity" with the Cuban people in their "fight against the dictatorship."

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Bonn Compromises on Trade Agreement With Moscow

The West German - Soviet trade, repatriation, and consular agreement initialed in Moscow on 8 April appears to represent a concession by Bonn on the question of repatriation of German nationals. It merely provides that the Soviet Union will give "benevolent consideration" to those Germans who wish to return. During the election campaign Bonn had demanded the return of more than 100,000 ethnic Germans, but after the elections in September it reduced this number to less than 16,000.

Bonn has also conceded the large increases in trade targets which Moscow sought when it initiated the negotiations in July 1957. New goals set for 1960 are double the present trade level of \$160,000,000, thus satisfying West German business interests eager to expand contact with the Soviet bloc.

Chancellor Adenauer will probably capitalize politically on the fact that Moscow is willing to deal with his government despite the recently stepped-up anti-German propaganda campaign. A week ago the German Foreign Ministry told American officials that Soviet negotiators had said the Bundestag decision on nuclear weapons made an agreement virtually impossible. [REDACTED]

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[REDACTED]

Shifts in the Italian Communist Party

The reported replacement of Palmiro Togliatti by Luigi Longo as chief of the Italian Communist party (PCI) "for an indefinite period" would appear to be the logical outcome of Togliatti's declining health and weakened hold on the party. Opposition to Togliatti's policies has increased among PCI hard-line members and Soviet leaders during the past two years because of his independent reaction to the Khrushchev de-Stalinization speech, his continued advocacy of "poly-centric" relations between Communist parties, and his recent reported opposition to the re-establishment of a Cominform-type journal.

The Soviet delegation which visited the PCI in February was said to have criticized Togliatti sharply for his "revisionist" policies and to have shown respect only for Longo. In March, the PCI dropped 48 of the 191 Communist members of the outgoing Parliament from its lists for the 25 May national elections, presumably for "revisionism" and criticism of Soviet policies. Togliatti's departure may have been hastened by these developments.

Longo, 58, has been a member of the party since its founding in 1921 and number-two man since the end of the war. He was once known as a hard-line Communist and his relations with Moscow are now considered excellent, but he has apparently become more moderate in recent months and may be an acceptable leader to all party factions.

Togliatti would probably not oppose his own removal, however, and is likely eventually to get an honorary party post. A smooth transition to Longo would minimize unfavorable repercussions on the PCI's electoral chances, but anti-Communist exploitation of these shifts might cause some Communist "protest voters" to vote for Nenni Socialists. [REDACTED]

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